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2008 Nov 04 02:24 PM Fee: \$ 20.00

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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision

PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this 6th day of August, 2008, by and between Jerry Carl Wright Lessor (whether one or more), whose address is 4809 Silent Ridge Court East, Fort Worth, Texas 76132 and FOUR SEVENS ENERGY CO. LLC. 201 Main Street, Suite 1455, Fort Worth, Texas 76102, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter

called leased premises:

Lots 13 and 14, Block 14, Byers & McCart Addition, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the plat recorded in Volume 310, Page 27, Plat Records of Tarrant County, Texas, and being more particularly described by metes and bounds found in Volume 8143, page 419, Deed Records of Tarrant County, Texas, also known as 3244 Forest Park Boulevard, Fort Worth, Texas.

in the county of Tarrant, State of TEXAS, containing .3739 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes belium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less

- 2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Five (5) years from the date hereof, and for as long thereafter as oil or gas or other tances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions
- 2. Into rease, wants is a 'pati-tup' rease requiring no remain, small see in force for a primary term of greg 123 years from the case developed and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be Tregty-five Percent (125%) of such production, to be delivered at Lessoe as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be Tregty-five Percent (125%) of such production, at the wellhead market price these prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grades and gravity; (b) for gas (including easingheed gas) and collective prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grades and gravity; (b) for gas (including easingheed gas) and collective prevailing in the same field, then the prevailing wellhead market price between the same field from the prevailing price) for production of similar grades and gravity; (b) for gas (including easingheed gas) and collective production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee continences its purchases bereauder, and (c) if at the end of the primary term or any time thereafter one or more wells on the lesseed premises or lands pooled therewish are capable of 90 consecutive days such whell of wells are active in production thereform is not being sold by Lessee, such and of 90 consecutive days such whell of wells are alternative or such as a s

- in a particular disease of premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith. There shall be no coverant official exploration wells or any additional wells accept as expressly provided herein.

 6. Lesses shall have the right but not the obligation to pool all or any part of the leased premises, whether the right but not the obligation to pool all or any part of the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lesses, either before or after the commencement of production, whether Lesses deems it necessary or proper to do so in order to prudomly develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such poolings for an oil well which is so the horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or the roaden to not be a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%, so for the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority; or, if no definition to a persective, of via tell" means a well with an initial gas-oil ratio of 100,000 enhis feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lesse esparator facilities or equivalent existing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in facilities or equivalent production on which the lesses of the second production and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in a facilities or equivalent Lesses' is producing rights hereoti

- 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in a enhanced recovery. Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection we with the properties and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased nds pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph I above, notwithstanding any partial rele premises or lands pooled therewith, the ancillary rights granted berein shall apply (a) to the entire leased premises described in Paragraph I above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

 11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain a setiefactory material, water, electricity, fuel, accessor or the labor disputes or by inability to obtain a setiefactory material, water, electricity fuel, accessor or the labor disputes or by inability to obtain a setiefactory material, water, electricity fuel, accessors or the labor disputes or by inability to obtain a setiefactory material, water, electricity fuel, accessors and the labor disputes or by inability to obtain a setiefactory material for production or orders.
- reasoners, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

 12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease
- covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of
- the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

 13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.
- 14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run nd and survive any termination of this lea
- 15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

 16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees,

| executors, administrators, successors and assigns, whether or not this lease has been executed by all | parties hereinabove named as Lessor. |
|---|---|
| Signature: Printed Name: STATE OF FEXAS COUNTY OF TARRANT This instrument was acknowledged before me on the | |
| SHELLEY D. BOWDEN Notary Public, State of Texas My Commission Expires 02-14-2010 | Sully Basses Notary Public, State of Texas Notary's name (printed): Notary's commission expires: |
| ACKNOWLEDGMENT | |
| STATE OF TEXAS COUNTY OF TARRANT | |
| This instrument was acknowledged before me on theday of | , 20, by. |
| | Notary Public, State of Texas Notary's name (printed): Notary's commission expires: |
| | |
| RECORDING INFO | DRMATION |
| County of | |
| | , 20, ato'clockM., and duly recorded in |
| Book, Page, of the records of this office. | |
| Ву | |
| Clerk (or Deputy) | |
| | |